

In the opinion of Bond Counsel, assuming compliance by the Issuer with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not generally an item of tax preference for purposes of the Federal Alternative Minimum Tax imposed on individuals and corporations. See "FEDERAL TAX CONSIDERATIONS" herein. The Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

NEW ISSUE

DTC BOOK ENTRY ONLY

NON-RATED

CITY OF OSCEOLA, IOWA

**\$4,500,000 GENERAL OBLIGATION ANNUAL APPROPRIATION
CORPORATE PURPOSE BONDS, SERIES 2007B**

DATED: October 1, 2007

DUE: June 1, 2010-2023

The \$4,500,000 General Obligation Annual Appropriation Corporate Purpose Bonds, Series 2007B described above (the "Bonds") are issued as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by Bankers Trust Company N.A., Des Moines, Iowa, Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1 and December 1 in each year, beginning June 1, 2008 to the registered owners thereof. The Bonds will mature serially on June 1 as set out below:

<u>Maturity (June 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>Maturity (June 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>
2010	\$240,000	4.000%	100.000	2017	\$320,000	4.650%	100.000
2011	250,000	4.100%	100.000	2018	335,000	4.700%	100.000
2012	260,000	4.200%	100.000	2019	355,000	4.750%	100.000
2013	270,000	4.300%	100.000	2020	370,000	4.800%	100.000
2014	280,000	4.400%	100.000	2021	385,000	4.900%	100.000
2015	295,000	4.500%	100.000	2022	405,000	4.950%	100.000
2016	310,000	4.600%	100.000	2023	425,000	5.000%	100.000

The City reserves the right to prepay part or all of the Bonds maturing in each of the years 2016 to 2023, inclusive, prior to and in any order of maturity on June 1, 2015, or on any date thereafter upon terms of par and accrued interest.

The Bonds are being issued by the City of Osceola, Iowa (the "Issuer" or "City") in the aggregate principal amount of \$4,500,000 to evidence the City's obligation under a certain loan agreement, dated as of October 1, 2007 (the "Loan Agreement"), for the purpose of providing funds to pay the cost, to that extent, of constructing street, storm sewer, sanitary sewer and water improvements. The Bonds are issued pursuant to and in strict compliance with the provisions of Chapters 76 and 384 of the Code of Iowa, 2007, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of the Bonds (the "Resolution").

The Bonds are general obligations of the City, payable from amounts on deposit in the City's Debt Service Fund and the Bond Fund created in the Resolution, and other revenues and funds, to the extent lawfully available for such purpose, but subject to non-appropriation in any fiscal year. The Bonds do not constitute a continuing obligation of the City in any fiscal year beyond the fiscal year for which funds have been appropriated for the payment of the Bonds. The Bonds shall not directly or indirectly obligate the City to make any payments thereon during a fiscal year beyond the fiscal year for which funds have been appropriated by the City Council. It is anticipated that debt service on the Bonds will be partially abated with tax increment revenues from the City's Urban Renewal Area. In the event that the City Council does not budget and appropriate funds for any fiscal year in an amount sufficient to meet the payments of interest on and principal of the Bonds during such fiscal year (a "non-appropriation"), the City's obligations under the Bonds shall terminate and become null and void on the last day of the fiscal year for which the necessary funds were appropriated.

The Bonds involve certain investment risks. See "BONDHOLDER'S RISKS" herein.

The Bonds are offered when, as and if issued by the Underwriter, subject to the approval of their legality by opinion of Dorsey & Whitney LLP, Attorneys, Des Moines, Iowa, whose opinion will be furnished at the time of closing. It is expected that the Bonds will be available for delivery on or about October 18, 2007.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

RUAN SECURITIES

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